

NOTICE OF PROPOSED RULEMAKING

NOTICE IS HEREBY GIVEN that the California Debt Limit Allocation Committee (Committee) proposes to adopt the proposed regulations described below after considering all comments, objections, and recommendations regarding the proposed action.

The California Debt Limit Allocation Committee has complied with the requirements to provide notice of proposed rulemaking action pursuant to Government code section 11346.1(a)(2).

PUBLIC HEARING

The California Debt Limit Allocation Committee (Committee) has not scheduled a public hearing on this proposed action. However, the Committee will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days before the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Committee. Comments may also be submitted by facsimile (FAX) at (915) 653-6827 or by e-mail to cdlac@treasurer.ca.gov. The written comment period begins on August 16, 2013 and closes at 5:00 p.m. on September 30, 2013. The Committee will consider only comments received at the Committee offices by that time. Submit comments to:

Sean L. Spear
Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

AUTHORITY AND REFERENCE

Authority: Section 8869.94, California Government Code. Section 8869.94 of the Code authorizes the Committee to adopt regulations relating to an allocation system to administer the state unified volume ceiling as proposed regulations and instructs the Office of Administrative Law to consider such regulations to be “necessary for the immediate preservation of the public peace, health and safety or general welfare.”

Reference: Sections 8869.80 to 8869.94, California Government Code. These Regulations implement, interpret and make specific Sections, 8869.80 to 8869.94 of the Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The existing regulations outline an allocation system to administer the state unified volume ceiling (California's tax exempt bond authority). However, the existing regulations include or are absent language that may prevent viable projects from obtaining an award of tax exempt bond authority. The proposed changes to the regulations and associated applications would correct these deficiencies. More specifically, changes to the existing threshold and elective point categories in the applications will allow applicants to earn points where they previously would not have and would also prevent projects without adequate funding commitments from being eligible for an award of allocation.

In an effort to guarantee projects have all necessary Redevelopment Area (RDA) funding secured for project construction or rehabilitation, the proposed language requires that those Qualified Residential Rental Pool Projects with RDA-related project financing subject to the approval of the Department of Finance (DOF) are required to have obtained a Final and Conclusive Determination Letter prior to submitting an application to the Committee.

Proposed language also allows for projects that have been receiving and will continue to receive state or federal project-based rental assistance or a state or federal operating subsidy for a minimum of the last five (5) years to take advantage of the market study waiver exception. This will result in a minimal savings to projects that qualify for the market study waiver.

Finally, clarifying language is being added to thoroughly define the full time equivalent (FTE) formula.

The overall objective of these Proposed Regulations is to ensure low income housing developments are provided in the State of California. The regulations are being modified to provide clarifying language and to adopt new processes to allow for these developments to occur. (Government Code 11346.5(a)(3)(C).

Anticipated Benefits of the Proposed Regulation:

The objective of these Proposed Regulations is to ensure low income housing developments and public benefits are being provided to the residents of these projects. In addition, to the extent that the proposed services amenity requirements are elected and met, on-going and frequent services will benefit the health and welfare of the California multifamily housing residents who take advantage of such services. To the extent that tax exempt bonds are utilized to finance the production or rehabilitation of multifamily housing projects, it is possible that the use of tax exempt bond proceeds will increase economic activity and employment development. (Government Code 11346.5(a)(3)(C).

Evaluation of Whether the Proposed Regulations Are Inconsistent or Incompatible: We have conducted a review of any related regulations in this area and have determined that these are the only regulations concerning this subject area. Therefore, the proposed regulations are not inconsistent or incompatible with existing state regulations. (California Government Code 11346.5(a)(3)(D).

List of forms to be incorporated by reference:

- Annual Applicant Public Benefits and Ongoing Compliance Self-Certification (8-5-13)
- Competitive Application For An Allocation Of The State Ceiling On Qualified Private Activity Bonds For A Qualified Residential Rental Project (QRRP) (6-11-13)
- Non-Competitive Application For Allocation Of The State Ceiling On Qualified Private Activity Bonds For A Qualified Residential Rental Project (QRRP) (6-11-13)
- Competitive Application For An Allocation Of The State Ceiling On Qualified Private Activity Bonds For A Qualified Residential Rental Project (QRRP) Universal Application Addendum (6-11-13)
- Non-Competitive Application For AN Allocation Of The State Ceiling On Qualified Private Activity Bonds For A Qualified Residential Rental Project (QRRP) Universal Application Addendum (6-11-13)

DISCLOSURES REGARDING THE PROPOSED ACTION

The Committee and/or Executive Director have made the following initial determinations:

Mandate on Local Agencies or School Districts: The Executive Director of the Committee has determined that the Regulations do not impose a mandate on local agencies or school districts.

Fiscal Impact: The Executive Director of the Committee has determined that the Regulations do not impose any additional cost or savings requiring reimbursement under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the California Government Code, any other non-discretionary cost or savings to any local agency or any cost or savings in federal funding to the State. Pursuant to the State Administrative Manual Section 6680, a Fiscal Impact Statement (Form 399) is submitted without the signature of a Project Budget Manager at the Department of Finance, as there are no fiscal impact disclosures required by State Administrative Manual Sections 6600-6670. There will be no cost or savings to any State Agency pursuant to Government Code Section 11346.1(b) or 11346.5(a)(6).

Housing Costs: The Executive Director of the Committee has determined that the Regulations do not have a significant effect on housing costs.

Significant, Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete: The Executive Director of the Committee has determined that the Regulations do not have an adverse economic impact affecting California businesses.

Cost Impacts on Representative Private Person or Businesses: The Committee is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Business Reporting Requirement: The proposed regulations do not require any reports by businesses other than those for which an award of Allocation was granted. The reporting required is limited to certifications of compliance with the Committee's resolution that transferred the award to the business.

Small Business Determination: The proposed regulations will not have an adverse impact on small businesses in California as the awards of the state ceiling will only encourage the development of housing or facilities developed or operated primarily by small businesses.

Results of the Economic Impact Analysis: The proposed regulations will not have an effect on the creation or elimination of jobs within the State of California. The proposed regulations will not affect the creation of new businesses or the elimination of existing business with the State of California. The proposed regulations will not have an effect on the expansion of businesses currently doing business within the State of California. The proposed regulations will ensure low income housing developments are following building guidelines and that public benefits are being provided to the residents of these projects.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Committee must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposal described in this Notice.

The Committee invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations at the scheduled hearing or during the written comment period.

CONTACT PERSONS

Inquiries concerning the proposed regulatory action may be directed to:

Misti Armstrong
Program Manager
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

The back-up contact person for these inquiries is:

Leslie Campaz
Regulations Analyst
California Debt Limit Allocation Committee
915 Capitol Mall, Room 308
Sacramento, CA 95814
(916) 653-3255

Please direct requests for copies of the proposed text (the “express terms”) of the regulations, the initial statement of reasons, forms to be incorporated by reference, or other information upon which the rulemaking is based to Leslie Campaz at the above address.

AVAILABILITY OF THE STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE

The Committee will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published, the rulemaking file consists of this notice, the proposed text of the regulations, the forms to be incorporated by reference, and the initial statement of reasons. Copies may be obtained by contacting Leslie Campaz.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After holding the written comment period hearing and considering all timely and relevant comments received, the Committee may adopt the proposed regulations substantially as described in this notice. If the Committee makes modifications which are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Committee adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of Misti Armstrong at the address indicated above. The Committee will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting Misti Armstrong at the above address.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations in underline and strikeout can be accessed through our website at <http://www.treasurer.ca.gov/cdlac/index.asp>